

**ASHLEY PLACE I  
LIMITED PARTNERSHIP**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2010 AND 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

5/18/11

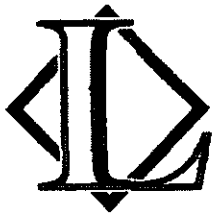
ASHLEY PLACE I  
LIMITED PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009

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**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**INDEPENDENT AUDITORS' REPORT**

To the Partners  
Ashley Place I Limited Partnership  
Denham Springs, Louisiana

We have audited the accompanying balance sheets of Ashley Place I Limited Partnership (the Partnership) as of December 31, 2010 and 2009 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ashley Place I Limited Partnership as of December 31, 2010 and 2009 and the results of its operations, changes in partners' equity (deficit), and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2011, on our consideration of Ashley Place I Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented in the Schedule of Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information in the Schedule of Expenses for the years ended December 31, 2010 and 2009 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Little & Associates, LLC*

Monroe, Louisiana  
March 15, 2011

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 848	\$ 2,411
Accounts Receivable - Tenants	2,534	1,898
Total Current Assets	<u>3,382</u>	<u>4,309</u>
 <b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>		
Replacement Reserve	23,874	22,620
Operating Reserve	115,800	115,800
Insurance Escrow	21	2,618
Tenants' Security Deposits	617	14,367
Total Restricted Deposits and Funded Reserves	<u>140,312</u>	<u>155,405</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Buildings	3,593,681	3,593,681
Furniture and Equipment	129,121	129,121
Site Improvements	541,104	541,104
Total	<u>4,263,906</u>	<u>4,263,906</u>
Less: Accumulated Depreciation	<u>(594,959)</u>	<u>(465,150)</u>
Net Depreciable Assets	3,668,947	3,798,756
Land	164,846	164,846
Total Property and Equipment	<u>3,833,793</u>	<u>3,963,602</u>
 <b>OTHER ASSETS</b>		
Tax Credit Costs, Net of Accumulated Amortization	12,917	15,339
Perm Loan Fees, Net of Accumulated Amortization	41,882	44,874
Syndication Costs	22,000	22,000
Total Other Assets	<u>76,799</u>	<u>82,213</u>
 Total Assets	<u><u>\$ 4,054,286</u></u>	<u><u>\$ 4,205,529</u></u>

The accompanying notes are an integral part of these financial statements.

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
BALANCE SHEETS  
DECEMBER 31, 2010 AND 2009

LIABILITIES AND PARTNERS' EQUITY

	2010	2009
<b>CURRENT LIABILITIES</b>		
Deferred Revenue	\$ 2,516	\$ 1,402
Development Costs Payable	38,922	38,922
Developer Fee Payable	31,078	-
Current Portion of Long-Term Debt	24,442	22,729
Total Current Liabilities	<u>96,958</u>	<u>63,053</u>
 <b>DEPOSITS</b>		
Tenant Security Deposits	<u>15,975</u>	<u>18,635</u>
Total Deposits	<u>15,975</u>	<u>18,635</u>
 <b>LONG-TERM LIABILITIES</b>		
Developer Fee Payable	183,232	214,310
Note Payable - Long Term	1,277,651	1,302,093
Asset Management Fee Payable	12,365	9,181
Partnership Management Fee Payable	45,338	33,664
Special Services Fee Payable	28,851	21,423
Total Long-Term Liabilities	<u>1,547,437</u>	<u>1,580,671</u>
 Total Liabilities	<u>1,660,370</u>	<u>1,662,359</u>
 <b>PARTNERS' EQUITY</b>		
Partners' Equity	<u>2,393,916</u>	<u>2,543,170</u>
Total Partners' Equity	<u>2,393,916</u>	<u>2,543,170</u>
 Total Liabilities and Partners' Equity	<u>\$ 4,054,286</u>	<u>\$ 4,205,529</u>

The accompanying notes are an integral part of these financial statements.

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Rental Income	\$ 246,353	\$ 239,621
Late Fees	2,780	2,804
Application Fees	490	910
Forfeited Deposits	1,965	3,730
Miscellaneous Income	165	136
Total Revenue	<u>251,753</u>	<u>247,201</u>
 <b>EXPENSES</b>		
Maintenance and Repairs	43,308	33,654
Utilities	28,264	24,213
Administrative	20,898	15,432
Management Fees	15,133	14,850
Taxes	2,259	1,560
Insurance	35,151	32,012
Interest	98,485	104,446
Depreciation and Amortization	135,223	135,222
Total Expenses	<u>378,721</u>	<u>361,389</u>
 Loss From Rental Operations	 <u>(126,968)</u>	 <u>(114,188)</u>
 <b>MORTGAGOR ENTITY EXPENSES</b>		
Asset Management Fees	3,184	3,121
Partnership Management Fees	11,674	11,444
Special Services Fees	7,428	7,283
Total Mortgagor Entity Expenses	<u>22,286</u>	<u>21,848</u>
 Net Income (Loss)	 <u><u>\$ (149,254)</u></u>	 <u><u>\$ (136,036)</u></u>

The accompanying notes are an integral part of these financial statements.

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Total	Denham Springs Community Corporation	NEF Assignment Corporation
Partners' Equity (Deficit), January 1, 2009	\$ 2,679,206	\$ (58)	\$ 2,679,264
Net Income (Loss)	<u>(136,036)</u>	<u>(14)</u>	<u>(136,022)</u>
Partners' Equity (Deficit), December 31, 2009	2,543,170	(72)	2,543,242
Net Income (Loss)	<u>(149,254)</u>	<u>(15)</u>	<u>(149,239)</u>
Partners' Equity (Deficit), December 31, 2010	<u>\$ 2,393,916</u>	<u>\$ (87)</u>	<u>\$ 2,394,003</u>
Profit and Loss Percentages	<u>100.00%</u>	<u>0.01%</u>	<u>99.99%</u>

The accompanying notes are an integral part of these financial statements.



ASHLEY PLACE I  
LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (149,254)	\$ (136,036)
Adjustments to Reconcile Net Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	135,223	135,222
(Increase) Decrease in Accounts Receivable - Tenants	(636)	(569)
(Increase) Decrease in Insurance Escrow	2,597	13,642
Increase (Decrease) in Asset Management Fee Payable	3,184	3,121
Increase (Decrease) in Deferred Revenue	1,114	769
Increase (Decrease) in Partnership Management Fee Payable	11,674	11,444
Increase (Decrease) in Special Services Fees Payable	7,428	7,283
Net Change in Security Deposits	11,090	4,268
Total Adjustments	171,674	175,180
Net Cash Provided (Used) by Operating Activities	22,420	39,144
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Deposits to Replacement Reserve	(1,254)	(22,620)
Net Cash Provided (Used) by Investing Activities	(1,254)	(22,620)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal Payments on Long-Term Debt	(22,729)	(26,982)
Net Cash Provided (Used) by Financing Activities	(22,729)	(26,982)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,563)	(10,458)
Cash and Cash Equivalents, Beginning of Year	2,411	12,869
Cash and Cash Equivalents, End of Year	\$ 848	\$ 2,411

The accompanying notes are an integral part of these financial statements.

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid During the Year for:		
Interest	<u>\$ 98,485</u>	<u>\$ 104,446</u>

The accompanying notes are an integral part of these financial statements.

**ASHLEY PLACE I LIMITED PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE A - ORGANIZATION**

Ashley Place I Limited Partnership (the Partnership) was formed as a limited partnership under the laws of the state of Louisiana on April 30, 2004, for the purpose of constructing and operating a rental housing project. The project consists of 36 single-family rental units, located in Denham Springs, Louisiana, and is currently operating under the name of Ashley Place Apartments.

The project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code (low-income housing tax credit) which regulates the use of the apartment complex as to occupant eligibility and unit gross rent, among other requirements. The major activities and operations of the Partnership are governed by the Amended and Restated Partnership Agreement (the Partnership Agreement) and are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. Such administrative directives, rules, and regulations are subject to change by federal and state agencies.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Basis of Accounting**

The financial statements of the Partnership are prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

**Capitalization and Depreciation**

Land, buildings, improvements, and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

**Tenants' Security Deposits**

Tenant's security deposits are held in a separate bank account in the name of the project. At December 31, 2010, this account was funded in an amount less than the security deposit liability.

**Rental Income and Deferred Rents**

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenant receivable consists of amounts due for rental income, other tenant charges and charges for damages and cleaning fees in excess of forfeited security deposits. The Partnership does not accrue interest on the tenant receivable balances.

The Partnership uses the direct write-off method to provide for uncollectible accounts. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Amortization

Permanent loan financing costs are amortized using the straight-line method over the life of the loan. Tax credit costs have been capitalized and are being amortized over the tax credit period. These costs are presented in the Balance Sheet net of accumulated amortization. Accumulated amortization totaled \$20,277 and \$14,863 as of December 31, 2010 and 2009, respectively.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the partners individually. The time limit for taxing authorities to examine the Partnership's income tax returns is generally three years from the date of filing or the due date, whichever is later, unless civil or criminal fraud is proven, for which there is no time limit.

Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Collateralization Policy

The Partnership does not require collateral to support financial instruments subject to credit risk.

FASB ASC 360, *Property, Plant, and Equipment*

FASB ASC 360, *Property, Plant, and Equipment* requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of the impairment provisions of FASB ASC 360, *Property, Plant, and Equipment* has not materially affected the partnership's reported earnings, financial condition or cash flows.

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE C – CASH AND CASH EQUIVALENTS AND BANK DEPOSITS**

For purposes of the statements of cash flows, cash and cash equivalents represent unrestricted cash and all highly liquid and unrestricted debt instruments purchased with a maturity of three months or less.

The Partnership maintains its cash in bank deposit accounts at various financial institutions. The deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000, in total at each financial institution. The deposits were fully secured as of December 31, 2010 and 2009.

**NOTE D – PARTNERS' CAPITAL CONTRIBUTIONS**

The Partnership has one Managing General Partner, Denham Springs Community Corporation and one Limited Partner, NEF Assignment Corporation. The Partnership records capital contributions as received. For the year ended December 31, 2010, the Limited Partner did not make a capital contribution; however, total contributions received as of December 31, 2009, totaled \$3,254,176. As of December 31, 2010, \$70,000 remains to be contributed by the Limited Partner.

**NOTE E – LONG-TERM DEBT**

**Permanent Loan**

Permanent financing has been obtained through First Guaranty Bank of Ponchatoula, Louisiana in the amount of \$1,362,787. Interest is computed using the Wall Street Journal Prime plus 1.50% adjusted every five years, starting at 7.50% per annum, with a floor of 7.50% per annum, and a ceiling of 9.00% per annum. The maximum interest rate change every five years is 1.00%. The payment amount is set at principal and interest payments of \$10,110 monthly and remain the same for the life of the loan. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 17 years with an amortization of 30 years and matures on January 29, 2025, at which time all unpaid principal and interest amounts are due and payable. As of December 31, 2010 and 2009, the balance due on the loan was \$1,302,093 and \$1,324,822, respectively.

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

Year Ending December 31,	Amount
2011	\$ 24,442
2012	\$ 26,340
2013	\$ 28,385
2014	\$ 30,588
2015	\$ 32,963
Thereafter	\$ 1,159,375

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Transactions with related parties are as follows:

Development Fee

As provided in the Development Services Agreement, the Partnership shall pay the Developer Fee in the amount of \$515,000 to Denham Springs Housing Authority, an affiliate of the General Partner, and Denham Springs Community Development Corporation, the General Partner, for services rendered for overseeing the construction and development of the complex. As of December 31, 2010 and 2009, the Partnership owed \$214,310 for both years in developer fees.

Partnership Management Fee

The Partnership shall pay to the General Partner a Partnership Management Fee annually in the amount of \$11,000, to be increased annually by 2% to compensate the General Partner for managing the Partnership's operations and assets and coordinating the preparation of the required State Housing Finance Agency, federal, state, and local tax and other required filings and financial reports. For the years ended December 31, 2010 and 2009, the Partnership incurred Partnership Management Fees totaling \$11,674 and \$11,444, respectively. As of December 31, 2010 and 2009, Partnership Management Fees payable totaled \$45,338 and \$33,664, respectively.

Asset Management Fee

The Partnership shall pay the Asset Management Fee annually to the Asset Manager, an affiliate of the Limited Partner, for property management oversight, tax credit compliance monitoring, and related services in the amount of \$3,000, to be increased annually by 2.0%. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner. For the years ended December 31, 2010 and 2009, the Partnership incurred Asset Management Fees totaling \$3,184 and \$3,121, respectively. As of December 31, 2010 and 2009, Asset Management Fees payable totaled \$12,365 and \$9,181, respectively.

Special Services Fee

The Partnership shall pay the Services Manager (Ashley Residential Services, Inc.) a Services Fee in the amount of \$7,000, increasing by 2.0% annually and in the priority specified in §5.1(a)(viii) of the Partnership Agreement for the provision of services to tenants of the Project. For the years ended December 31, 2010 and 2009, the Partnership incurred Special Service Fees totaling \$7,428 and \$7,283, respectively. As of December 31, 2010 and 2009, Special Service Fees payable totaled \$28,851 and \$21,423, respectively.

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE F – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (CONTINUED)

Operating Deficit Guarantee

The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficits Guaranty Period. The General Partner shall be required, upon the reduction of the Operating Reserves Account to zero, to promptly provide funds to the Partnership in an amount up to \$105,000 for Operating Deficits occurring during the Operating Deficits Guaranty Period. Such costs shall include all operating and fixed costs accrued or accruable during the Operating Deficits Guaranty Period. Repayments of any borrowings arranged by the General Partner to fulfill its obligations shall be the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations may be reimbursed, without interest, or out of the proceeds of refinancing or sale pursuant to §5.2 of the Partnership Agreement. No operating deficit existed as of December 31, 2010 and 2009.

Disposition Fee

The Partnership shall pay the Asset Manager a Disposition Fee equal to 1% of the gross sales price out of the net sales proceeds at the time of closing of the sale of the Project or the Limited Partner's interest in the Project. As of December 31, 2010 and 2009, no Disposition Fee has been earned or paid.

NOTE G – PARTNERSHIP PROFITS AND LOSSES AND DISTRIBUTIONS

All profits and losses are allocated .01% to the General Partner, and 99.99% to the Limited Partner.

Distribution of Operating Income and Cash Flow is applied in accordance with the order of priority established in Article 5.1 of the Partnership Agreement.

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES

According to the Partnership Agreement, the Partnership is required to maintain the operating reserve, replacement reserve, and the Special Purpose Reserve.

Operating Reserve

The General Partner shall establish the Operating Reserve Account and fund it with the Operating Reserve Target Amount of \$105,000 from loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Operating Reserve Target amount may, upon request of the General Partner be reduced to \$40,000 after the Project has maintained a Debt Service Coverage Ratio of 1.15 or better for four consecutive years and is in compliance with all of its obligations within the Partnership Agreement. The Fiscal Partner shall be obligated, to the extent that funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of cash flow or proceeds of sales or refinancing in accordance with §5.1 and §5.2 of the Partnership Agreement. As of December 31, 2010 and 2009, the Operating Reserve Account was funded in the amount of \$115,800, each year.

ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE H – RESTRICTED ESCROW DEPOSITS AND RESERVES (CONTINUED)

Special Purpose Reserve

The General Partner shall establish a Special Purpose Reserve for real estate taxes out of loan and/or equity proceeds at the time of payment of the Fourth Installment. The Special Purpose Reserve shall be increased through Project Cash Flow until it reaches the Special Purpose Reserve Target Amount of \$28,800. Such funds will be held in a Special Purpose Reserve Account and administered by the General Partner pursuant to a Funding and Disbursement Agreement entered into by the Partnership, the Limited Partner and the General Partnership. As of December 31, 2010 and 2009, the Special Purpose Reserve Account had not been funded.

Replacement Reserve

The General Partner shall establish the Replacement Reserve Account out of loan and/or equity proceeds at the time of payment of the Fourth Installment of the Limited Partner Capital Contribution. The Replacement Reserve will be held in the Replacement Reserve Account, under the control of the General Partner, and the Partnership will maintain this account from the date of payment of the Fourth Installment until the end of the compliance period. Withdrawals from the Replacement Reserve Account in excess of \$5,000 in the aggregate in any given month (unless such withdrawal was provided for in the approved project budget) will require written approval of the General Partner and the Asset Manager (except in cases where the account is under the control of one of the project lenders, in which case the General Partner shall notify the Asset Manager in writing of any withdrawals from the Replacement Reserve Account and the purpose for which such withdrawal was made). Within five business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved, or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within five business days, the withdrawal request is deemed to be approved. The required amount of Replacement Reserve funding is equal to not less than \$300 per unit per year increasing at a rate equal to 3% per year. As of December 31, 2010 and 2009, the Replacement Reserve Account was funded in the amount of \$23,874 and \$22,620, respectively.

NOTE I- CONTINGENCY

The apartment complex's low-income housing tax credits are contingent on the ability of the Partnership to maintain compliance with Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken credits plus interest.

NOTE J – ADVERTISING

The Partnership had advertising expenses of \$1,135 and \$0 in 2010 and 2009, respectively. These costs are expensed as incurred.



ASHLEY PLACE I LIMITED PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE K – TAXABLE INCOME (LOSS)

A reconciliation of financial statement net loss to taxable loss of the Partnership for the years ended December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Financial Statement Net Loss	\$ (149,254)	\$ (136,036)
Adjustments:		
Excess Depreciation for Income Tax Purposes Over Financial Reporting Purposes	38,296	36,213
Other	<u>-</u>	<u>-</u>
Taxable Loss Shown on Tax Return	<u>\$ (110,958)</u>	<u>\$ (99,823)</u>

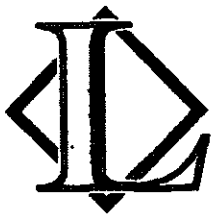
NOTE L – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through March 15, 2011, the date which the financial statements were available for issue.

## SUPPLEMENTAL INFORMATION

ASHLEY PLACE I  
LIMITED PARTNERSHIP  
SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<b>MAINTENANCE AND REPAIRS</b>		
Salaries	\$ 8,214	\$ 4,262
Supplies	8,657	8,109
Maintenance and Repairs Contract	9,009	7,386
Grounds Contracts	13,516	10,858
Services	2,888	1,921
Other Repairs and Maintenance	1,024	1,118
Total Maintenance and Repairs	<u>\$ 43,308</u>	<u>\$ 33,654</u>
<b>UTILITIES</b>		
Electricity	\$ 6,682	\$ 5,982
Water and Sewer	18,255	15,758
Trash Collection	3,327	2,473
Total Utilities	<u>\$ 28,264</u>	<u>\$ 24,213</u>
<b>ADMINISTRATIVE</b>		
Manager Salaries	\$ 12,064	\$ 10,101
Advertising	1,135	-
Telephone	1,499	1,400
Bank Charges	96	40
Office Expense	1,545	2,021
Bad Debts	2,515	821
Other Administrative	2,044	1,049
Total Administrative	<u>\$ 20,898</u>	<u>\$ 15,432</u>
<b>TAXES</b>		
Real Estate Taxes	\$ 293	\$ -
Payroll Taxes	1,966	1,560
Total Taxes	<u>\$ 2,259</u>	<u>\$ 1,560</u>
<b>INSURANCE</b>		
Property and Liability	\$ 31,705	\$ 29,576
Workmen's Compensation	295	350
Health Insurance	3,151	2,086
Total Insurance	<u>\$ 35,151</u>	<u>\$ 32,012</u>
<b>INTEREST EXPENSE</b>		
Interest on Mortgage	\$ 98,485	\$ 104,446
Total Interest Expense	<u>\$ 98,485</u>	<u>\$ 104,446</u>



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Partners  
Ashley Place I Limited Partnership  
Denham Springs, Louisiana

We have audited the financial statements of Ashley Place I Limited Partnership as of and for the year ended December 31, 2010, and have issued our report thereon dated March 15, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Ashley Place I Limited Partnership's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ashley Place I Limited Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ashley Place I's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ashley Place I Limited Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Partners and the management of Ashley Place I Limited Partnership and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Little & Associates, LLC*

Monroe, Louisiana

March 15, 2011